3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

Table 8 shows the number and types of coöperative societies in the years 1937 to 1939.[19]

TABLE 8

COÖPERATIVE SOCIETIES OF LITHUANIA
1937–39

TYPE OF COÖPERATIVE	NUMBER OF SOCIETIES REGISTERED		
	1937	*1938*	*1939*
1. Credit	408	398	401
2. Stores and consumers' coöperatives	248	251	275
3. Manufacturing	226	228	224
4. Insurance	1	2	2
5. Nonclassified	375	409	430
TOTAL	1,258	1,288	1,332

1. Credit coöperatives.—Credit coöperative societies were the first to be reëstablished, after the war, in towns and townships. Most of them were organized by the Jewish population and served small merchantmen. Among the farmers, they were organized only after the introduction of stabilized currency, the litas. In 1923, 129 credit coöperative societies were organized; in 1924, 107; in 1925, 136. There are in Lithuania three kinds in this category: town coöperatives (mostly Jewish People's Banks), farmer credit coöperatives, and farmer saving and loan associations. The Jewish People's Banks Union (Zydu Liaudies Banku Sajunga) does no active business, but acts rather as an ideological center and coördinator. This union had 101 member banks in 1930. In recent years the number of credit coöperatives diminished somewhat, as may be seen from Table 8. This is partly due

[19] C.S.B., 1939, pp. 263–65.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

474 to the merging of two or three small units into one. Evidence
●452 of this is the fact that membership in these societies increased instead of decreasing. In 1935, there were 119,687 members, of whom 77,553 were farmers; in 1936, 121,169 members, of whom 79,392 were farmers; in 1938, 117,155 members and in 1939, 119,326 members.

The financial position of all the credit coöperative societies in 1939 is indicated by the following statistics: total capital, 14,473,200 litas, of which membership shares accounted for 7,903,200 litas; reserve capital, 3,311,700 litas; and other capital, 1,591,100 litas. Total deposits in credit cooperative societies in 1939 amounted to 29,857,700 litas; borrowings from the banks, 22,554,500 litas; credits to members and the rest, 60,823,900 litas.

The farmer credit coöperatives are assembled in the Coöperation Bank of Lithuania (Lietuvos Kooperacijos Bankas).

474 *2. Stores and consumers' coöperatives.*—In 1939 there were 275 coöperative stores and consumers' coöperative societies, as well as one union, the Central Union of Agricultural Coöperative Societies of Lithuania, known under the trade name of Lietukis. The coöperative stores, as well as consumers' coöperatives, trade in colonial goods, while the Union, with its branches, buys farm products for export (mostly grain crops, linseed, and flax), and sells agricultural machinery, petroleum products, salt, cement, fertilizers, and so on.

The Central Union of Agricultural Coöperative Societies, Lietukis, was established in 1923; financially, it is one of the strongest coöperative unions of Lithuania; and it is the most popular. The Union is the largest exporter of grain in Lith-

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Year Dec. 31	Capital-stock	Balance Amounts	Deposits & Current A/cs.	Loans & Discounts
1928	4.56	53.33	30.46	39.04
1929	4.89	54.49	35.80	41.11
1930	5.00	62.60	43.27	48.38
1931	4.79	62.44	32.06	51.83
1932	4.30	52.23	27.80	41.61
1933	4.29	46.83	22.31	35.52
1934	4.51	40.38	15.23	31.46
1935	4.04	35.43	12.27	29.08
1936	3.99	41.30	14.67	33.47
1937	3.87	44.73	19.73	37.08

On the basis of both the foregoing tables, we can draw the following conclusions:

(1) The capital-stock of the Kaunas institutions has been stationary since 1933, but in comparison with 1928 shows a slight growth. The capital-stock of the Memel establishments has sunk below the level of 1928.

(2) The last two years have entirely adjusted the crisis losses of the Kaunas banks, while the Memel institutions also show a revival though not at the same tempo. The deposits there more particularly remain far behind the pre-crisis position.

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III. The third group consists of the credit cooperative societies, which are chiefly spread over the rural districts and possess an old tradition. The first cooperative society was already founded in 1873, and until the World War there were in Lithuania under Russian alien domination 207 credit cooperative societies with 88 900 active membres.

The activity of the credit cooperative societies, interrupted by the World War, was speedily resumed in independent Lithuania, although the erstwhile organizations had been destroyed and new foundations had to be effected. The Government also contributed largely to the expansion of the credit cooperative societies, in which context, since 1930, long-term loans at 3% interest have been granted from State resources.

The development of the activity of the credit cooperative societies, with the exception of the Memel Territory, since 1928 is shown in the following table:

Year Dec. 31	No. of Cooperatives	No. of Members	Balance Amounts	Deposits	Loans
			(In million litas)		
1928	417	89 816	52.24	21.42	39.01
1929	407	98 380	63.29	30.13	46.59
1930	399	96 968	74.47	39.12	56.98
1931	397	107 535	80.68	38.46	63.64
1932	403	112 105	81.07	38.40	62.53
1933	399	117 809	79.87	37.46	63.74
1934	382	111 647	76.35	34.00	60.83
1935	369	111 909	71.69	29.48	56.83
1936	337	107 796	74.33	32.94	57.31
1937	322	111 582	82.16	39.99	61.64

The decrease in the total number of the cooperative societies is attributable to the amalgamation of smaller unions. The rising development tendency is obvious from the circumstance that the balance sum has already surpassed the pre-crisis level.

The financing of the credit cooperative societies is provided for by the Kooperacijos Bankas (Cooperative Bank), which since 1933 has been re-organized as a joint-stock company with capital-stock of 3 000 000 litas; 2 500 000 litas thereof has been taken up by the Government while the remaining shares remain in the possession of 180 cooperatives.

A less favourable development is shown by the balance-sheets of the cooperative societies of the Memel Territory, which are organized as Raiffeisen loan banks. They are summarized in the following table:

Year Dec. 31	No. of Cooperatives	No. of Members	Balance Amounts	Deposits	Loans
			(In million litas)		
1928	43	12 135	17.10	12.09	13.99
1929	43	12 304	21.51	15.32	18.18
1930	43	12 202	25.71	18.63	22.33
1931	43	12 315	27.89	20.13	24.96
1932	41	11 064	24.60	15.37	21.52
1933	41	10 029	23.60	12.67	20.22
1934	41	9 446	20.28	9.92	17.95
1935	41	8 816	18.99	8.73	16.64
1936	41	8 359	17.99	7.47	15.80

	1935, Jan. 1	1936, Jan. 1	1937, Jan. 1	1938, Jan. 1
Public Institutions	40.64	44.85	38.87	33.6
Officials and Employees	13.09	13.11	14.72	16.6
Farmers	12.52	12.67	14.40	15.6
Merchants & Industrialists	11.22	8.93	8.64	9.0
Liberal Professions	7.99	7.90	7.50	8.2
Workers	2.49	2.53	3.01	3.7

* * *

Summarizing the figures of the Lietuvos Bankas and the Žemės Bankas, the commercial banks and the associations of mutual credit of Kaunas and Memel, the credit cooperative societies and the Raiffeisen loan funds banks, as also of the State savings banks and the savings banks of the Memel Territory, we obtain the following result of the development of deposits and loans in all Lithuanian credit institutions during the last ten years (in million litas):

Dec. 31	Deposits	Loans
1928	225.46	304.38
1929	282.83	333.04
1930	345.73	437.83
1931	302.04	479.62
1932	291.20	449.48
1933	278.40	446.51
1934	269.54	461.95
1935	229.60	451.48
1936	290.22	467.35
1937*)	347.60	501.38

These figures show that both deposits and loans in 1937 again reached and exceeded the pre-crisis position (1930—31). Whereas, however, the deposits in conformity with the contingent situation of economy in the crisis years have suffered a severe setback, the fluctuations of the loans were negligible,

*) Without Raiffeisen loan banks of Memel Territory.

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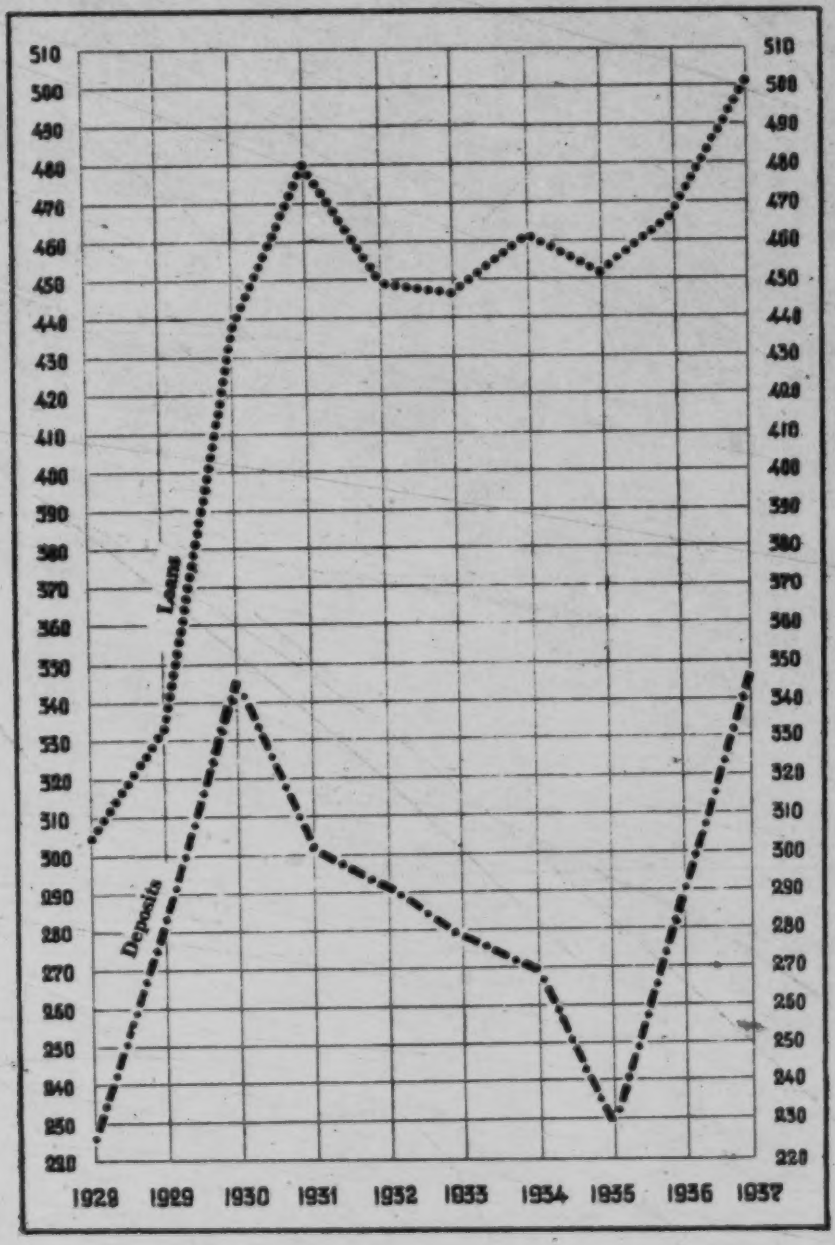
Diagram No. 7.

Loans and Deposits of the Credit Institutions, in million litas.



which is attributable to the intervention of the Government on behalf of agricultural credits. 452 453

In connexion with the consolidation of the credit situation and thanks to the initiative of the Lietuvos Bankas, private discount has also materially decreased. In 1929 it still fluctuated between 14—18%. At the end of 1930 the banks decided that the rate of interest should not rise above 12%; while today it amounts to 8%. Moreover, in accordance with a legal enactment (Government Gazette No. 432) private discount may not exceed the official bank rate by more than three points. 652

On the basis of the above cited balance items of the separate categories of the credit institutions, we may affirm that the overwhelming portion of the credits pertains to agriculture; the credits for trade and industry amount to approximately one-third of the total sum, and are without exception short-term. In view of this and in connexion with the rapid growth of industry, the necessity is ever more and more being felt for a banking institution which, through the provision of long-term credits, would promote the investment activity of industry.

* * *

The consolidation of the credit situation is also characterized by the statistics of bills of exchange protests and the legal compulsory auction sales. The following comparative table embodies the data for the last eight years: 436

	1930	1931	1932	1933	1934	1935	1936	1937
Total bills of exchange in circulation, in million litas	708.24	760.52	546.52	463.21	490.81	423.40	410.43	472.03
Amount of protested bills, in million litas	40.06	67.51	71.74	39.34	32.48	23.54	13.97	12.98
Percentage share of protests in sum of bill circulation	5.7	8.9	13.1	8.5	6.6	5.6	3.4	2.7
Number of compulsory auction sales of movable property	636	794	1 961	3 104	2 768	2 471	1 621	1 084
Amount of debts in million litas	1.48	1.83	3.33	3.81	2.86	3.83	2.33	1.06
Percentage of debt cover	27	35	27	27	22	14	19	27

The number of bill protests, both according to separate items and the total value and according to the percentage ratio

6: Anonymous U-4, 5 (no date) 1938 RB5 Lithuanians RB5

APPENDIX

ECONOMIC FIGURES

	1929	1930
INDUSTRY:		
1. Total number of medium and wholesale undertakings (of 5 employed persons upwards)	1 044	1 051
2. Total number of employed workers	19 637	19 334
3. Total figure of engine power in H.P.	.	.
4. Production Index	100.0	108.3
TRADE:		
1. Total number of larger undertakings (Trade in the narrower sense I — III Corp)	14 255	14 224
2. Railway goods traffic 1 000 tons	2 079	1 993
3. Price Index	100	87
4. Foreign Trade Turnover:		
(a) Million Litas	636.3	646.2
(b) Volume	100.0	116.7
5. Cooperative Trade Turnover, million litas	108.6	111.9
FINANCE AND CREDIT CONDITIONS:		
1. Monetary circulation, in million litas	102.3	117.2
2. State Revenue, in million litas	338.5	347.7
3. State Expenditure, in million litas	269.9	320.6
4. Deposits of the Credit Institutions, in million litas	282.8	345.7
5. Loans of the Credit Institutions, in million litas	333.0	437.8
6. Total Sums of Bills of Exchange Protests, in million litas	49.1	40.1
7. Discount Rate of the Lietuvos Bankas	7	7

OF LITHUANIA.

1931	1932	1933	1934	1935	1936	1937
1 049	1 105	1 108	1 118	1 136	1 135	1 247
21 053	19 743	20 660	22 282	23 344	25 844	31 689
70 038	84 804	95 751	94 585	105 349	109 634	125 157
140.7	153.7		166.5	185.9	244.2	272.0
14 141	13 590	12 981	12 572	12 084	12 054	12 445
2 164	1 599	1 722	1 853	2 003	2 193	2 352
74	61	54	52	46	46	53
551.1	356.1	302.4	285.9	280.8	346.5	420.9
128.3	106.6	102.2	103.2	103.9	125.2	139.3
127.8	111.3	105.8	111.3	149.4	185.2	203.6
127.1	112.7	105.8	101.1	111.4	124.1	131.9
340.1	292.0	256.9	264.4	279.9	302.8	329.9
335.3	278.2	249.7	251.8	276.9	287.7	318.2
302.0	291.2	278.4	269.5	229.6	290.2	347.6
479.6	449.5	446.5	461.9	451.5	467.3	501.4
67.5	71.7	39.3	32.5	23.5	13.9	12.9
8½	7	7	6	6	5½	5½

11: League of Nations G-4 (no date) 1930 RB5 Lithuanians RB5

V. CO-OPERATION [1]

Co-operative thrift and loan societies of the modern type began to be organised in 1873 and, since their foundation, have greatly contributed to the increase of rural prosperity.

1. The importance of credit in rural life is well known. In the event of loss through fire, sickness among live-stock or bad crops, or on the partition of property between the various members of a family in case of succession, etc., the peasant was obliged to apply to a moneylender in the nearest market town — often the innkeeper — who would lend only on highly unfavourable terms, at a rate of interest rising in some cases to 300% represented by periodic payments in kind (grain, animals, etc.). Furthermore, the moneylender reserved to himself the exclusive right of purchasing his debtor's produce, so that the prices paid to the peasant were extremely low. As a result of these abuses, peasants frequently became insolvent and were evicted from their farms.

The creation of rural credit establishments permits of the organisation of agricultural credit on a fairer basis and in a manner more in keeping with agricultural requirements. The rate of interest is much lower. The peasant can dispose of his produce as he thinks fit and has less hesitation in borrowing for the improvement of his farm — *e.g.*, by purchasing up-to-date equipment, chemical fertilisers, better quality seed, breeding-stock, etc. The creation of rural credit co-operative societies also fosters his native thrift by encouraging him to invest his savings.

2. The peasants' trading co-operative societies — rural consumers' co-operative societies and purchasing and selling societies — which have grown up in Lithuania since 1880 and, above all, since the beginning of the twentieth century, have accustomed the peasants to the management of co-operative undertakings and have thus brought about great and beneficial changes in rural trading through the elimination of short weight, adulterated and low quality goods and, most important of all, by regularising prices. It used to be difficult for the peasants to obtain the articles necessary for the improvement of agricultural production — *e.g.*, chemical fertilisers, which were frequently adulterated by private dealers, better quality seeds,

[1] See the article on "La coopération agricole en Lithuanie" in the *Bulletin mensuel de renseignements économiques et sociaux*, No. 10, 1933, of the International Institute of Agriculture.

11: League of Nations G-4 (no date) 1939 RB5 Lithuania RB5

VI. AGRICULTURAL CREDIT AND AGRICULTURAL INSURANCE

Agricultural credit may be divided as follows, according to the term of the loan and the conditions of payment : 452 [452]

1. Indebtedness to the Ministry of Agriculture for land obtained from the Agrarian Fund, timber purchased, agricultural improvements and the reintegration of land. These are long-term debts ; in some cases, no interest is charged ; in others, interest at 3% per annum.

2. Loans on mortgage are granted to agriculturists almost exclusively by the Agrarian (Land) Bank. Up to 1934, the Bank granted mortgage loans in cash only ; since that year, it has granted mortgage bonds, of variable duration, up to twenty-eight years. The rate of interest is from 3.6% to 4.5%. On January 3rd, 1938, mortgage bonds (4%) were quoted on the Kaunas Exchange at 92.9.

3. Loans granted by the credit co-operatives. The term varies from six to eighteen months ; the loans may be extended for a single period of six months. The maximum loan that may be granted to agriculturists is 5,000 litai. The interest is from 6% to 8%. The credit co-operatives sometimes grant loans against promissory notes, but more usually against recognisances, two or more agriculturists being required to stand surety. The recognisance differs from the promissory note in the following respects : It is exempt from stamp duty ; the duration of the loan may be extended without the necessity for a new recognisance, simply by means of a note on the original recognisance. If the loan is not paid on the due date, there is no need for a protest ; it is recovered by the police, in accordance with a simplified procedure.

4. Loans granted by short-term credit establishments organised as joint-stock companies or mutual credit societies. These credit establishments serve the needs of commerce and industry ; agriculturists only occasionally apply to them for loans. They grant loans to farmers for three to six months at 8%.

The following table shows the indebtedness of Lithuanian farmers at January 1st, 1938 :

	Number of loans	Amount of loans in litai (1 litas = $ 0.592 on September 30th, 1938)
I. Ministry of Agriculture . . .	122,994	71,239,000
II. Loans on mortgage	28,818	114,530,000
III. Credit co-operatives	82,713	55,052,600
IV. Commercial banks	9,727	6,847,000
	244,252	247,658,600

11:League of Nations G-4 (no date) 1939 RB5 Lithuanians RB5

452 The number of loans granted by credit establishments (groups 2-4) is 121,258. Many agriculturists have obtained loans from the three groups of establishments. The number of agriculturists who have obtained loans is therefore less than the actual number of loans. Only 30% of the Lithuanian agriculturists have contracted loans with credit establishments. The area of land mortgaged to the Agrarian Bank is 607,000 hectares. It is usually the larger landowners who apply for loans to the Agrarian Bank.

426 Doubtless farmers have also contracted debts with private individuals, but there is no statistical record of these. According to custom, the eldest son pays over a portion to each of his brothers and sisters and keeps the farm himself. As a rule, the farmer has no ready money and undertakes to pay these portions by fixed instalments ; the farm thus becomes heavily encumbered.

During the economic depression, the farmers were unable to meet their obligations, owing to the drop in agricultural prices ; the Government therefore came to their assistance.

In 1932, a list was drawn up of non-distrainable live-stock belonging to landowners. Farmers were protected from the forced sale of their farms by auction on account of debts contracted before February 1st, 1934, with private credit establishments or individuals. Where debts did not exceed 90% of the value of the agricultural immovable property, they had the right to apply to the competent court to suspend forced sale by auction. The court could do so for a year and a-half, to enable the debtor to come to an agreement with his creditors. Farmers were given facilities for repaying their debts to private persons in the form of mortgage bonds repayable by the Agrarian Bank at their nominal value. With this object, the Agrarian Bank issued a series of bonds, quoted at a fairly low rate on the Kaunas Exchange (78). Farmers could thus not only apply to the Agrarian Bank for loans in the form of mortgage bonds but also could purchase mortgage bonds on the market at a low rate, with which they were able to repay their debts to private individuals (but not their debts to the State or to credit establishments).

According to the provisions now in force, the courts may also decide as to the extension of the time-limit for the repayment of farmers' promissory notes.

Farms may only be sold by auction provided the highest bid is not less than 50% of their value. The value of the farm is assessed by the " viršaitis " (chairman of the executive of the municipality) or by the bailiff, in cases of forced sale.

Where the farmer has to pay over shares under the terms of a will or donation, he need only pay 60% in cash if the obligation arose before January 1st, 1931, or 70% if it arose prior to the period December 31st, 1930, to December 31st, 1932.